

CALIFORNIA OCCUPATIONAL GUIDES

INSURANCE SALES AGENTS

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INTEREST AREA
ENTERPRISING



WHAT DOES AN INSURANCE SALES AGENT DO?

INSURANCE SALES AGENTS help individuals and businesses select insurance policies that provide the best protection for their lives, health, and property. Agents prepare reports, maintain records, seek out new clients, and help policyholders process insurance claims when a loss occurs.

Insurance Sales Agents may sell a variety of insurance such as, property and casualty, life, health, disability, and long-term care. Property and casualty agents sell insurance that protects individuals from financial loss stemming from automobile accidents, fire, theft, storms, and other incidents that can damage property. For businesses, property and casualty insurance can also cover injured

workers' compensation, product liability claims, or medical malpractice claims.

Some Agents work as an employee of an insurance company and sell policies exclusively for one insurance company. This is particularly true for the life insurance field. They are known as 'captive agents'. Other Agents work as independent Insurance Sales Agents, or brokers, who sell products from various insurance companies. Independent Insurance Sales Agents compare policies from different insurance companies to recommend the most beneficial policy to their clients. Usually independent Insurance Sales Agents specialize in casualty insurance.

Insurance Sales Agents interview prospective clients to obtain data about the client's needs and the physical condition of the person or property to be insured. They compare present coverage, if any. Then Agents work out an insurance plan to cover risks suited to the customer. They explain the plan's costs and benefits. If their selling effort is successful, the Agent prepares the appropriate applications and submits them to the insurance company.

Life Insurance Agents sell insurance that provides financial support to a beneficiary in the event of the policyholder's death. Life insurance policies can be designed as a long-range investment to finance retirement or education. Increasingly, Insurance Sales Agents are becoming involved in cross-selling financial planning products such as, mutual funds, variable annuities, and other securities. Life Insurance Agents commonly sell financial products.

Health Insurance Agents sell health insurance policies that cover the costs of medical care. They may also sell dental insurance and short and long-term disability insurance policies.

Agents also provide follow-up services. They keep in touch with clients, handle policy renewals, and suggest additions or changes to keep the coverage up-to-date.

Insurance Sales Agents perform the following tasks:

- Advise clients in selecting casualty, life, or property insurance.
- Call on policyholders to deliver and explain policy, to suggest additions or changes in insurance program, or to change beneficiaries.
- Discuss advantages and disadvantages of various policies.
- Explain group insurance programs to promote sale of insurance plan.
- Select company that offers type of coverage requested by client to underwrite policy.
- Explain necessary bookkeeping requirements for customer to implement and provide group insurance program.
- Contact underwriter and submits forms to obtain binder coverage.
- Establish client's method of payment.
- Plan and oversee integration of insurance program into bookkeeping system of company.

WHAT SKILLS ARE IMPORTANT?

Important skills, knowledge, and abilities for Insurance Sales Agents include:

- Customer and Personal Service – Knowledge of principles and processes for providing customer and personal services. This includes customer needs assessment, meeting quality standards for services, and evaluation of customer satisfaction.
- Sales and Marketing – Knowledge of principles and methods for showing, promoting, and selling products or services. This includes marketing strategy and tactics, product demonstration, sales techniques, and sales control systems.
- Clerical – Knowledge of administrative and clerical procedures and systems such as word processing, managing files and records, stenography and transcription, designing forms, and other office procedures and terminology.

- Persuasion – Persuading others to change their minds or behavior.
- Active Listening – Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times.
- Speaking – Talking to others to convey information effectively.
- Judgment and Decision Making – Considering the relative costs and benefits of potential actions to choose the most appropriate one.
- Reading Comprehension – Understanding written sentences and paragraphs in work-related documents.
- Critical Thinking – Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems.
- Writing – Communicating effectively in writing as appropriate for the needs of the audience.
- Monitoring – Monitoring/Assessing performance of yourself, other individuals, or organizations to make improvements or take corrective action.
- Mathematics – Using mathematics to solve problems.
- Written Comprehension – The ability to read and understand information and ideas presented in writing.

Due to intense competition, beginning agents sometimes become discouraged in their efforts to build a clientele. However, opportunities should be favorable for prospective agents that manage their time well and who do not become easily discouraged. Other important qualities for an Insurance Sales Agent include self-confidence, initiative, strong communication skills, and outgoing personalities. Also, involvement with local civic or social groups or clubs will help the agent develop potential future sales contacts.

WHAT'S THE WORK ENVIRONMENT?

Most Insurance Sales Agents work in small offices from which they contact clients. Agents also spend a great deal of time away from the office, traveling to meet with clients, close sales, or investigate claims.

Union Membership

To date, there has been little or no unionization of Insurance Sales Agents.

WHAT'S THE CALIFORNIA JOB OUTLOOK?

The following information is from the occupational projections produced by the Employment Development Department (EDD) Labor Market Information Division (LMID):

Insurance Sales Agents

Estimated number of workers in 2002:	26,700
Estimated number of workers in 2012:	32,500
Projected Growth 2002-2012:	21.7%
Est. openings due to separations by 2012:	6,400

These figures do not include self-employment.

This occupation will grow faster than average compared with all occupations in California.

There will be a total of 12,200 job opportunities in this occupation during the projections period. The average number of annual job opportunities in this occupation will be 1,220.

Trends

Advances in technology assist the Insurance Sales Agent by streamlining services to customers, allowing the Agent more free time to contact new customers to build a new client base. For example, insurance companies increasingly provide business services through telephone call centers that provide convenient extended hours to customers. Also, many companies provide basic information on the Internet, sometimes including a self-help format to enable customers to compute their estimated costs for insurance premiums.

More and more Life Insurance Sales Agents are expanding the range of available sales products to include financial planning services such as mutual funds, annuities, and other securities to help clients make long-range savings plans for retirement. Refer to *Licensing and Certification and Other Sources of Information* for additional information.

Sales of health and long-term care insurance policies are expected to increase as the "baby boom" population ages.

WHAT DOES THE JOB PAY?

California Earnings

The following information is from the Occupational Employment Statistics Survey of Employers by EDD/LMID:

Insurance Sale Agents 2005 Wages

Hourly wages range from	\$16.43	to	\$37.58
Average hourly wage	\$31.22		
Average annual wage	\$64,946		

These figures do not include self-employment.

Commissions are the most common form of payment for Agents working as self-employed independent contractors. The self-employed Insurance Sales Agent's income is determined by the amount of insurance he or she sells. Therefore, total earnings may vary from month to month depending on successful sales activity.

Insurance Sales Agents working as employees of an agency or insurance carrier are paid in one of the following ways: salary only, salary plus commission, or salary plus bonus.

Many insurance companies pay residual commissions on policies that are renewed each year. For example, the Agent sells an insurance policy once, and receives a commission every year the policy is in effect. The percentage of commission and residual payments vary from company to company and depends upon the Agent's payment agreement with the insurance companies. Both captive and independent Agents receive residual commissions.

Hours

Most agents work a 40-hour week, although some work 60 hours a week or longer. Agents usually determine their own flexible hours of work and often schedule weekend and evening appointments for the convenience of their clients.

Benefits

Insurance Sales Agents working as employees of an insurance carrier typically receive health insurance and pension benefits.

Self-employed Agents are responsible for purchasing their own benefits.

HOW DO I PREPARE FOR THE JOB?

Education and Training

Most insurance companies and independent agencies prefer to hire college graduates, especially those who majored in business or economics. A few employers may hire high school graduates with confirmed sales capability. Many entrants in Insurance Sales Agent jobs transfer from other occupations.

Many Insurance Sales Agents begin their careers as trainees, working as an employee for an insurance company. Trainees work under the guidance of experienced agents to learn the insurance business. After completing an initial training period that lasts approximately two to three years, many Agents become self-employed as independent contractors.

College training should include courses in finance, mathematics, accounting, economics, business law, business administration, and computer technology with training in a variety of software products. Also, course work in psychology, sociology, and public speaking are helpful for improving communication skills and sales techniques.

Self-employed Agents would benefit from business courses that provide instruction in how to operate and manage a small business, including knowledge of hiring practices, withholding and paying taxes, and maintaining proper business records.

Licensing and Certification

Insurance Sales Agents must meet the following requirements before beginning to sell insurance policies:

- Successfully complete pre-licensing education.

- Successfully pass the State license examination.
- Fingerprint clearance for unlicensed applicants.
- Submit an Action Notice of Appointment or an Organization Endorsement by a sponsoring insurance company to the California Department of Insurance.

The education requirements for new licenses for Life Agent and Fire and Casualty Broker-Agent include 40 hours of approved classroom hours of General Insurance and 12 hours of Ethics and California Insurance Code. Life Agents selling life insurance policies that pay into mutual funds or money market accounts are required to:

- Obtain a Life Agent license.
- Successfully pass a National Association of Security Dealers (NASD) examination.
- Register with the NASD. Refer to NASD listed in Other Sources of Information for additional information.

The pre-licensing education requirements for Personal Lines Broker-Agent (automobile, residential property including flood and earthquake, and personal watercraft) are 20 hours of approved classroom hours of General Insurance and 12 hours of ethics and California Insurance Code.

The course on Ethics and the California Insurance Code must only be taken once. Applicants applying for more than one license type do not need to repeat the Ethics and Code courses.

Refer to the Department of Insurance, listed in Other Sources of Information for additional information about State license requirements.

Continuing Education

Life Agents and Fire and Casualty Broker-Agents must successfully complete a minimum of 25 hours of approved courses or attend seminars during each of the first four 12-month periods following the original license issue date.

Life Agents registered with NASD to sell financial products must complete a computer-based

continuing education program on the second anniversary of their registration and every three years thereafter.

Agents that sell long-term care insurance must complete an eight-hour California related long-term care continuing education course.

HOW DO I FIND THE JOB?

Direct contact with local insurance company managers and Sales Agents remains one of the most effective job search methods. A local Agent may refer jobseekers to a central office human resource contact.

Most Insurance Sales Agents are employed in the insurance industry and many are self-employed. Search these **yellow page** headings for listings of private firms:

- Financial Planners
- Health Plans
- Insurance
- Insurance Administrators
- Insurance Consultants
- Retirement and Estate Planning and Management

The following Internet resources can be helpful to the job search process:

America's Career InfoNet
www.acinet.org

America's Job Bank
www.ajb.dni.us

CalJOBSSM
www.caljobs.ca.gov

Job Search and Resume Writing
www.worksmart.ca.gov/success_tips_menu.html

Local Job Service Offices
www.edd.ca.gov/jsrep/jsloc.htm

Occupational Information Network (O*NET) Online
<http://online.onetcenter.org>

One-Stop Career Centers List
www.edd.ca.gov/ONE-STOP/pic.htm

For statewide and local projections, wages, employers by county, and other occupational information go to www.labormarketinfo.edd.ca.gov and select *Find an Occupation Profile*.

WHERE CAN THE JOB LEAD?

Insurance Sales Agents who have strong abilities may advance to sales manager in a local office or to executive positions or agency superintendent. Some agents who have built up a strong customer base may prefer to remain in sales where the commissions are very profitable. Independent Agents may become licensed as brokers and choose to open their own agency hiring other Agents to work for them.

OTHER SOURCES OF INFORMATION

Department of Insurance
320 Capitol Mall
Sacramento, CA 95814
(800) 967-9331
www.insurance.ca.gov

Independent Insurance Agents &
Brokers of America, Inc.
127 South Peyton Street
Alexandria, VA 22314
(800) 221-7917
www.independentagent.com

Insurance Brokers and Agents of the West
1000 Broadway, Suite 600
Oakland, CA 94607
(800) 772-8998
www.ibawest.com

California Association of Insurance
and Financial Advisors
770 L Street Suite 900
Sacramento, CA 95814
(916) 443-2788
www.naifacalifornia.org

National Association of Security Dealers
(301) 590-6500
www.nasd.com

RELATED OCCUPATIONAL GUIDES

Insurance Underwriters	No.	55
Insurance Adjusters, Examiners, and Investigators	No.	67
Real Estate Sales Agents	No.	90

OCCUPATIONAL CODE REFERENCES

SOC (<i>Standard Occupational Classification</i>)		
Insurance Sales Agents		41-3021
O*NET (<i>Occupational Information Network</i>)		
Insurance Sales Agents		41-3021.00
OES (<i>Occupational Employment Statistics</i>)		
Sales Agents, Insurance		43002